

**RIVERWALK ACQUISITION CORP.**

**Management Discussion and Analysis of Financial Position and Results of Operations  
for the six-month period ended May 31, 2023**

This report is dated June 26, 2023.  
(The "Report Date")

## ***Introduction***

This Management Discussion and Analysis (“MD&A”) should be read in conjunction with the unaudited condensed interim financial statements for the six-month period ended May 31, 2023 and the audited financial statements of Riverwalk Acquisition Corp. (“Riverwalk” or the “Company”) for the year ended November 30, 2022 and the period from incorporation to November 30, 2021 (the “financial statements”).

The financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”). Note 3 to the audited financial statements describes the Company’s significant accounting policies. During the year, the Company’s critical accounting estimates and significant accounting policies have remained substantially unchanged.

**Readers are strongly encouraged to read the prospectus of the Company dated March 17, 2022 for further information regarding the Company and its securities. See Risk Factors below.**

Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com). All amounts presented in this document are stated in Canadian dollars, except where otherwise noted.

## ***Forward Looking Statements***

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Certain information contained in this MD&A constitutes forward-looking information, which is information regarding possible events, conditions or results of operations of the Company that is based upon assumptions about future economic conditions and courses of action and which is inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as “seek”, “anticipate”, “budget”, “plan”, “continue”, “estimate”, “expect”, “forecast”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information contained in this MD&A includes, without limitation, our expectations regarding anticipated investment activities and results and financing activities, the impact of changes in accounting policies and other factors on our operating results, and the performance of global capital markets and interest rates.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A. The forward-looking information contained in this MD&A is provided as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

## ***Corporate Overview and Description of Business***

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Riverwalk Acquisition Corp. was incorporated pursuant to the provisions of the *Business Corporations Act* (British Columbia) on February 25, 2021.

The Company is a CPC pursuant to the TSX Venture Exchange (the “Exchange”) Policy 2.4 Capital Pool Companies (the “CPC Policy”). The principal business of the Company will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Company has not commenced commercial operations and has no assets other than a minimum amount of cash.

Riverwalk completed its initial public offering prospectus through its agent, Canaccord Genuity Corp. (the "Agent") on June 16, 2022. 3,000,000 common shares ("Common Shares") were sold to the public at a price of \$0.10 per Common Share (the "Offering") for gross proceeds of \$300,000.

On June 20, 2022, the Company's shares commenced trading on the TSX Venture Exchange under the symbol "RAC.P".

Except as specifically contemplated in the CPC Policy, until the Completion of the Qualifying Transaction, as hereafter defined, the Company will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be approved by the Exchange and, in the case of a Non-Arm's Length Qualifying Transaction, must also receive Majority of the Minority Approval, as hereafter defined, in accordance with the CPC Policy.

The head office of the Company is located at 478-6647 Fraser Street, Vancouver, BC V5X 0K3 and the registered office of the Company is located at 10<sup>th</sup> Floor, 595 Howe Street, Vancouver, BC V6C 2T5.

### ***Results of Operations***

During the three and six month periods ended May 31, 2023, the Company incurred a loss of \$24,892 (Year to date: \$35,991) (2022: \$24,721 and \$33,537, respectively).

The most significant elements of the Company's expenses are:

- Accounting and audit fees of \$5,809 (YTD: \$10,710) (2022: \$8,393 (\$13,393)) related to the preparation of corporate records and financial documents, annual audits and the preparation of corporate tax returns;
- Annual general meeting costs of \$5,409 were incurred in 2023;
- Bank charges of \$74 (YTD: \$97) (2022: \$41 (\$118));
- Corporate development charges of \$1,739 (2022 \$1,809) were incurred in the evaluation of potential qualifying transactions;
- Legal fees of \$655 (YTD: \$1,201) (2022: \$7,765(\$8,210)) were paid during the period;
- Office and administrative expenses of \$5,414 (YTD: \$9,014) (2022: \$2,809 (\$6,103)) reflect the cost of operating the Company; and
- Transfer agent and filing fee expenses of \$5,792 (YTD: \$7,821) (2022: \$3,904), were incurred to maintain transfer agent facilities and to pay regulatory filing fees.

**Summary of Quarterly Results (Unaudited)**

|                                       | Fiscal 2023 |              | Fiscal 2022  |            |
|---------------------------------------|-------------|--------------|--------------|------------|
|                                       | Q2          | Q1           | Q4           | Q3         |
|                                       | May 31,     | February 28, | November 30, | August 31, |
|                                       | 2023        | 2023         | 2022         | 2022       |
|                                       | \$          | \$           | \$           | \$         |
| Expenses                              | 24,892      | 11,099       | 51,453       | 19,460     |
| Net loss and Comprehensive loss       | 24,892      | 11,099       | 51,453       | 19,460     |
| Total Assets                          | 236,038     | 267,119      | 276,695      | 284,275    |
| Total Liabilities                     | (3,834)     | (10,023)     | (8,500)      | -          |
| Shareholders Equity & Working Capital | 232,304     | 257,096      | 268,195      | 284,275    |

  

|                                       | Fiscal 2022 |              | Fiscal 2021  |            |
|---------------------------------------|-------------|--------------|--------------|------------|
|                                       | Q2          | Q1           | Q4           | Q3         |
|                                       | May 31,     | February 28, | November 30, | August 31, |
|                                       | 2022        | 2022         | 2021         | 2021       |
|                                       | \$          | \$           | \$           | \$         |
| Expenses                              | 24,721      | 8,816        | 17,018       | 2,945      |
| Net loss and Comprehensive loss       | 24,721      | 8,816        | 17,018       | 2,945      |
| Total Assets                          | 139,446     | 197,525      | 184,773      | 169,947    |
| Total Liabilities                     | -           | (33,358)     | (21,791)     | (2,892)    |
| Subscriptions received                | -           | -            | -            | (170,000)  |
| Shareholders Equity & Working Capital | 139,446     | 164,167      | 162,983      | 2,892      |

**Selected Annual Information**

The following table summarizes selected audited financial information of the Company for the year ended November 30, 2022 and the period from incorporation to the fiscal year end November 30, 2021. The information should be read in conjunction with the Company's audited annual financial statements and related notes.

|                                        | Year ended<br>11/30/2022<br>(audited) | Period from<br>incorporation to<br>11/30/2021<br>(audited) |
|----------------------------------------|---------------------------------------|------------------------------------------------------------|
| <b>Statement of operation</b>          |                                       |                                                            |
| Expenses                               | 104,450                               | 17,017                                                     |
| Net Loss & Comprehensive Loss          | 104,450                               | 17,017                                                     |
| <b>Financial Position</b>              |                                       |                                                            |
| Current Assets                         | 276,695                               | 185,244                                                    |
| Total Assets                           | 276,695                               | 185,244                                                    |
| Total Liabilities                      | (8,500)                               | (22,261)                                                   |
| Shareholders' Equity & Working Capital | 268,915                               | 162,983                                                    |

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### ***Financing Activities***

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During the six-month period ended May 31, 2023, the Company did not issue any common shares.

During the year ended November 30, 2022 the Company completed the following issuances:

- On February 22, 2022, the Company completed a private placement of 200,000 Common Shares at \$0.05 per share for proceeds of \$10,000.
- On June 16, 2022, the Company completed its Initial Public Offering ("IPO") by way of the prospectus which was receipted March 22, 2022. 3,000,000 Common Shares were issued at a price of \$0.10 per Common Share for total gross proceeds to the Company of \$300,000. Total offering costs of \$175,579, of which \$19,850 were incurred in fiscal 2021, were incurred including a cash commission of \$30,000 (10% of the gross proceeds), a corporate finance fee of \$15,000, and an additional \$130,579 of IPO issue costs related to professional fees and filing and listing fees, of which \$51,741 was charged to profit and loss and \$78,838 was recorded as share issuance costs within the statement of change in equity.

During the year ended November 30, 2022, the Agent was granted Agent's Options to purchase 300,000 Common Shares at a price of \$0.10 per Common Share and expiring June 20, 2027. The fair value of the Agent's Options was estimated using the Black-Scholes option pricing model assuming a risk free interest rate of 3.31%, a dividend yield of nil, an expected annual volatility of the Company's share price of 106.21% based on trading volume during the period, a weighted average expected life of 5 years, and a forfeiture rate of 0%. The fair value of Agent's Options was determined to be \$23,500. The expected volatility assumption is based on the estimated volatility of early-stage companies trading on the TSX-V. The risk-free interest rate is based on yield curves on the Canadian government zero-coupon bonds or Canadian government treasury bills with a remaining term equal to the stock options' expected life.

3,800,001 common shares issued prior to the initial public offering are held in escrow pursuant to terms of an Escrow Agreement entered into in connection with the Company's Initial Public Offering. Under the Escrow Agreement, 25% of the escrowed common shares will be released from escrow upon completion of a Qualifying Transaction and an additional 25% will be released on the dates 6 months, 12 months and 18 months following the completion of a Qualifying Transaction. At February 28, 2023 and November 30, 2022, 3,800,001 common shares were held in escrow.

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### ***Liquidity and Capital Resources***

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The Company's aggregate operating, investing and financing activities for the six-month period ended May 31, 2023 resulted in a cash decrease of \$40,449 (year ended November 30, 2022 an increase of \$109,540). As at May 31, 2023, the Company's cash balance was \$234,014 (November 30, 2022: \$274,463) and the Company had working capital of \$232,204 (November 30, 2022: \$268,195).

During the six-month period ended May 31, 2023, the Company paid \$nil (year ended November 30, 2022: \$nil) to acquire capital assets.

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**Transactions with Related Parties**

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Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and directors. Key management personnel compensation during the three and six month periods ended May 31, 2023 and 2022 were as follows:

|                   | Three month period ended<br>May 31, |                 | Six month period ended<br>May 31, |                 |
|-------------------|-------------------------------------|-----------------|-----------------------------------|-----------------|
|                   | 2023                                | 2022            | 2023                              | 2022            |
| Professional fees | \$ 4,500                            | \$ 4,500        | \$ 9,000                          | \$ 9,000        |
|                   | <u>\$ 4,500</u>                     | <u>\$ 4,500</u> | <u>\$ 9,000</u>                   | <u>\$ 9,000</u> |

Professional fees were billed and accrued for services rendered by the Chief Financial Officer during the period. As of February 28, 2023, \$nil (November 30, 2021 - \$3,000) was included in trade and other payables.

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**Off Balance Sheet Arrangements**

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To the best of management's knowledge, there are no other off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the company.

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**Critical Accounting Estimates**

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The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Note 3 to the audited financial statements describes the Company's significant accounting policies. During the year ended November 30, 2022, the Company's critical accounting estimates and significant accounting policies have remained substantially unchanged.

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**Financial Instruments**

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The company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies, and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout the audited financial statements.

### **General Objectives, Policies, and Processes**

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

The carrying values of the financial instruments, comprised of cash and trade and other payables, approximate their fair values due to the short-term nature of these financial instruments.

The Company is exposed to various financial risks resulting from its operations. The Company's management manages financial risks. The Company does not enter into financial instrument agreements, including derivative financial instruments, for speculative purposes. The Company's main financial risk exposures and its financial policies are as follows:

- a) **Credit risk**  
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk, with the carrying value being the Company's maximum exposure. The Company's cash consists of funds held at a Canadian chartered bank. Management believes the Company's exposure to credit risk is not material.
- b) **Market risk**  
The risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Management does not believe the Company is exposed to material currency, interest or other price risk.
- c) **Liquidity risk**  
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's trade and other payables are all current and due within 90 days of the statement of financial position date. The Company seeks to ensure that it has sufficient capital to meet short term financial obligations after taking into account its operating obligations and cash on hand.

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***Outstanding Share Data***

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As at May 31, 2023 and the date of this Report, the following table summarizes the outstanding share capital of the Company:

|               | <b>May 31, 2023</b> | <b>Report Date</b> |
|---------------|---------------------|--------------------|
| Common Shares | 6,800,001           | 6,800,001          |
| Total         | <b>6,800,001</b>    | <b>6,800,001</b>   |

The Company also granted an Agent's Options to purchase 300,000 Common Shares at a price of \$0.10 per Common Share and expiring June 20, 2027 as part of the IPO.

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***Risks and Uncertainties***

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An investment in the Company's shares should be considered highly speculative due to the nature of the Company's business and the present stage of its development. In evaluating the company and its business, the Reader should carefully consider the following risk factors in addition to the other information contained in this management discussion and analysis. These risk factors are not a definitive list of all risk factors associated with the Company. It is believed that these are the factors that could cause actual results to be different from expected and historical results. Investors should not rely upon forward-looking statements as a prediction of future results.

The Company has a limited operating history, has not commenced commercial operations and has limited assets other than cash. It has no history of earnings and will not generate earnings or pay dividends until at least after Completion of the Qualifying Transaction.

The business objective of the Company is to identify and evaluate assets or businesses with a view to completing a Qualifying Transaction approved by the Exchange and, in the case of a Non-Arm's Length Qualifying Transaction, Majority of the Minority Approval; however, there can be no assurance that the Company will successfully complete a Qualifying Transaction. The Company may find that even if the terms of a potential acquisition are economic, the Company may not be able to finance such acquisition and additional funds may be required to meet such obligations. Since the Company has not placed any geographical restrictions on the location of a Qualifying Transaction, such Qualifying Transaction may involve the acquisition of a business located outside of Canada and, as such, purchasers should be aware that it may be difficult or may not be possible to effect service or notice to commence legal proceedings upon any directors, officers and experts outside of Canada and that it may not be possible to enforce against such persons or the Company, judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada. Where the investment or acquisition is financed by the issuance of shares from the Company's treasury, control of the Company may change and shareholders may suffer further dilution of their investment. The Company will be in competition with other corporations with greater resources. The Company has neither a history of earnings nor has it paid any dividends and it is unlikely to generate earnings or pay dividends in the immediate or foreseeable future.

The Exchange may suspend from trading or delist the Common Shares where the Company has failed to complete a Qualifying Transaction within 24 months of the Listing Date. The Commissions may issue an interim cease trade order against the Company's securities if the Common Shares are suspended from trading on the Exchange and will issue an interim cease trade order if the Common Shares are delisted from the Exchange. In addition, delisting of the Common Shares may result in the cancellation of the Common Shares owned by Non-Arm's Length Parties issued prior to the Offering.

Upon public announcement of a proposed Qualifying Transaction, trading in the Common Shares will be halted and will remain halted for an indefinite period of time, typically until a Sponsor has been retained (if required) and certain preliminary reviews have been conducted. The Common Shares may be reinstated to trading before the Exchange has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Company completing the proposed Qualifying Transaction.

Purchasers must rely solely on the expertise of the Company's Promoter, directors and officers for any possible return on their investment. The Company's Promoter, directors, officers and Control Persons, and their Associates and Affiliates, as a group, beneficially own or control, directly or indirectly, 2,400,001 Common Shares, which represents 35.29% after giving effect to the Offering. It is not expected that the Company's directors or officers will purchase any Common Shares pursuant to the Offering. The directors and officers of the Company will only devote part of their time to the affairs of the Company and there may be potential conflicts of interest to which some of the directors and officers of the Company will be subject in connection with the operations of the Company.

Unless a shareholder has the right to dissent and be paid fair value in accordance with applicable corporate or other law, a shareholder who votes against a proposed Non-Arm's Length Qualifying Transaction for which Majority of the Minority Approval by shareholders has been given, will have no rights of dissent and no entitlement to payment by the Company of fair value for the Common Shares.

Neither the Exchange nor any securities regulatory authority passes upon the merits of any proposed Qualifying Transaction.

The Qualifying Transaction may be financed in all or part by the issuance of additional securities by the Company and this may result in further dilution to the purchaser, which dilution may be significant and which may also result in a change of control of the Company.

Subject to prior Exchange acceptance, the Company may be permitted to loan or advance up to the greater of \$250,000 and 20% of its working capital to a target business without shareholder approval and there can be no assurance that the Company will be able to recover that loan.